



Asia Standard International  
Group Limited



Interim Report  
2018

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## Corporate Information

### DIRECTORS

#### Executive

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Poon Jing (*Managing Director and Chief Executive*)

Mr. Poon Hai

Mr. Poon Yeung, Roderick

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

#### Independent non-executive

Mr. Koon Bok Ming, Alan

Mr. Leung Wai Keung, *JP*

Mr. Wong Chi Keung

### AUDIT COMMITTEE

Mr. Koon Bok Ming, Alan (*Chairman*)

Mr. Leung Wai Keung, *JP*

Mr. Wong Chi Keung

### REMUNERATION COMMITTEE

Mr. Wong Chi Keung (*Chairman*)

Mr. Fung Siu To, Clement

Mr. Poon Hai

Mr. Koon Bok Ming, Alan

Mr. Leung Wai Keung, *JP*

### AUTHORISED REPRESENTATIVES

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

### COMPANY SECRETARY

Mr. Tung Kwok Lui

### REGISTERED OFFICE

Canon's Court, 22 Victoria Street,  
Hamilton HM12, Bermuda

### PRINCIPAL OFFICE IN HONG KONG

30th Floor, MassMutual Tower,  
33 Lockhart Road, Wanchai,  
Hong Kong

Telephone 2866 3336

Facsimile 2866 3772

Website <http://www.asiastandard.com>

E-mail [asinfo@asiastandard.com](mailto:asinfo@asiastandard.com)

### PRINCIPAL BANKERS

HSBC

Bank of China (Hong Kong)

Industrial and Commercial Bank of  
China (Asia)

Hang Seng Bank

United Overseas Bank

Chiyu Banking Corporation

The Bank of East Asia

Chong Hing Bank

Shanghai Commercial Bank

UBS

Bank of Singapore

Bank Morgan Stanley

Credit Suisse AG

Bank Julius Baer

### LEGAL ADVISERS

Stephenson Harwood

18th Floor,

United Centre,

95 Queensway,

Hong Kong

Appleby

2206-19, Jardine House,

1 Connaught Place, Central,

Hong Kong

### AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

22nd Floor, Prince's Building,  
Central, Hong Kong

### SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda)  
Limited

The Belvedere Building,

69 Pitts Bay Road,

Pembroke HM08,

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited

Shops 1712-1716, 17th Floor,

Hopewell Centre,

183 Queen's Road East,

Wanchai, Hong Kong

# Financial Highlights

(in HK\$ million, except otherwise indicated)	Six months ended 30th September		
	2018	2017	Change
<b>Consolidated profit and loss account</b>			
Revenue	1,031	893	+15%
Operating profit	1,103	1,293	-15%
Profit attributable to shareholders of the Company	909	1,137	-20%
Earnings per share - basic (HK\$)	0.69	0.86	-20%

	30th September		Change
	2018	31st March 2018	
<b>Consolidated balance sheet</b>			
Total assets	35,377	32,485	+9%
Net assets	18,830	19,364	-3%
Equity attributable to shareholders of the Company	18,198	18,669	-3%
Net debt	14,993	11,468	+31%

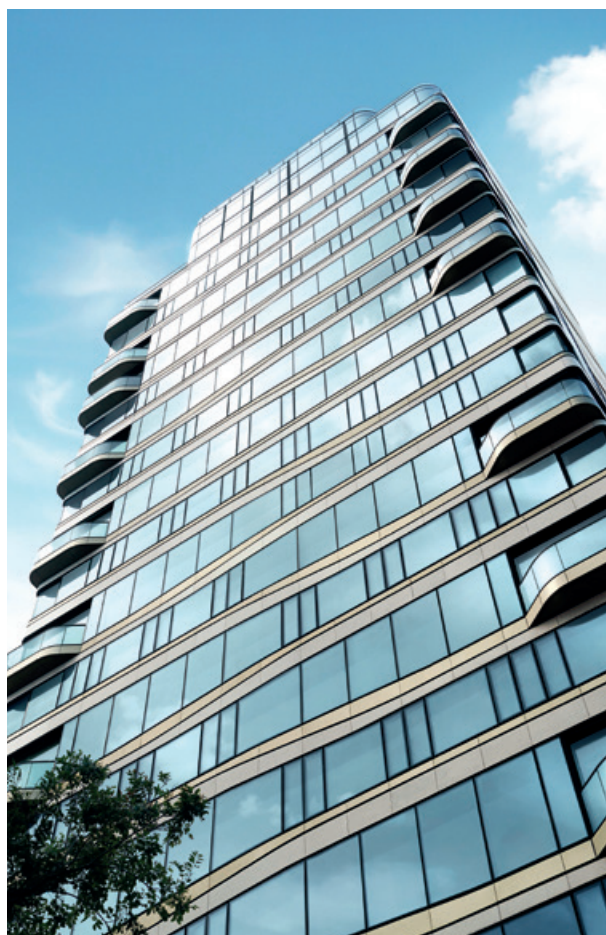
### Supplementary information with completed hotel properties at valuation (note):

Revalued total assets	44,179	40,834	+8%
Revalued net assets	27,632	27,713	-
Equity attributable to shareholders of the Company	25,478	25,573	-
Gearing - net debt to revalued net assets	54%	41%	+13%

Note: According to the Group's accounting policies, hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of completed hotel properties and excluding the corresponding deferred tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The completed hotel properties in Hong Kong were revalued by Vigers Appraisal & Consulting Limited, independent professional valuers, on an open market value basis as at 30th September 2018 and 31st March 2018.

# Management Discussion and Analysis



**Dukes Place** - residential development at Perkins Road, Jardine's Lookout

## RESULTS

The Group recorded revenue of HK\$1,031 million (2017: HK\$893 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$909 million (2017: HK\$1,137 million). Increase in investment income contributed to the rise in revenue, while investment loss against last year's gain partially compensated by increase in revenue and increase in fair value gain of investment properties during the period are the main reasons to the reduction in profit attributable to shareholders.

## PROPERTIES SALES, DEVELOPMENT AND LEASING

### SALES AND DEVELOPMENT

The Group's development projects pipeline in Hong Kong, mainland China and Canada progressed well during the interim period.

#### Joint venture projects

Application of presale consent of our Tongzhou development in Beijing is underway. Sales office and presentation center is close to completion, paving way for launching the sales programme in the first half of 2019. Foundation works and basement excavation have continued to progress during the period.

Occupation permit of the Group's re-development at Perkins Road, Jardine's Lookout, Hong Kong was issued at the end of June 2018. The property is at the fitting out stage and show flats refurbishment is targeted to complete towards end of 2018. Sales launching will follow shortly afterwards.



**Queen's Gate** in Shanghai

Refurbishment of new show flats of Queen's Gate, our joint venture high-end villas and apartments development in Shanghai, has been completed and launch of the third phase is pending the issuance of sales permit. Management is closely monitoring the market and regulatory conditions.

Another luxurious residential development at Po Shan Road, west mid-level, Hong Kong is under foundation construction which is anticipated to complete towards the end of 2018.

The Group's redevelopment of a high-end residential complex in Alberni Street, downtown Vancouver has obtained public hearing approval for rezoning in September, and is heading for development permit approval from local authority.

In April 2018, the Group, through another joint venture with which it owns 40% equity interest, has completed an acquisition of another development also located in Alberni Street, within close proximity to its present joint venture project, for redevelopment into premium residential units for sale.

In August 2018, a 25% joint venture of the Group completed an acquisition of a commercial building in Kowloon Bay of approximately 795,000 sq. ft. marketable GFA. The building will be up-graded and refurbished for value appreciation and rental reversion.

## Management Discussion and Analysis

### Self developed projects

The land exchange process for the commercial and residential development at Hung Shui Kiu, Yuen Long is ongoing, provisional basic terms were concluded and is now in the course of premium assessment. Another residential development at the Lam Tei station nearby is also in the process of land exchange application with the government. These two projects will provide approximately 590,000 sq. ft. of developable GFA.

In Canada, redevelopment of our Empire Landmark Hotel had commenced in the second half of last financial year and will be redeveloped into a mixed-use property with two residential towers (“Landmark on Robson”) upon completion. Demolition is in progress and had achieved contracted sales of CAD135 million up to 30 September 2018, since the launch of presale in January 2018.

### LEASING

Leasing income of MassMutual Tower, 33 Lockhart Road in Wanchai had increased by about 33% compared with last interim period, following the gradual filled up of vacancies in the second half of last financial year, after repositioning new tenants and the completion of extensive renovation works.

Leasing income from Asia Standard Tower in Central decreased slightly upon a rent consolidation of an anchor tenant, and that of Goldmark in Causeway Bay also decreased slightly.

Overall attributable leasing income increased by 7% from HK\$109 million to HK\$117 million. Net revaluation gain (including our share from the investment property owned by an associated company) of HK\$677 million (2017: HK\$424 million) was recorded.



Empire Prestige in Tsimshatsui

### HOTEL

During the year, overnight stay visitors to Hong Kong increased 4% to approximately 14 million. Mainland visitors dominate this segment with 69% share, and their arrival increased 6% from same period of last year. Total hotel rooms in Hong Kong are approximately 80,000 rooms, an increase of 3% over same period of last year.

Revenue arising from the hotel and travel segment for the year amounted to HK\$260 million (2017: HK\$288 million). Average occupancies for the 4 Hong Kong hotels were approximately 95% (2017: 95%) while average room rates increased 13%. Overall, contribution to segment results before depreciation decreased from HK\$95 million to HK\$82 million, primarily due to cessation of Empire Landmark Hotel in Canada since October 2017 for redevelopment.

Our new hotel in Tsimshatsui obtained hotel operating licence in September 2018 and will commence business in the fourth quarter of 2018.

## FINANCIAL INVESTMENTS

The Group has adopted the new accounting standard HKFRS 9 with effect from 1st April 2018. This is a new classification and measurement approach for financial assets with changes in fair value of certain securities (consisted mostly listed debt securities) to be recognised through reserve while expected credit losses and impairment to be assessed at each reporting date and the charges to be reported in profit and loss account. This differed from the previous practice for recognizing fair value changes through profit and loss account with impairment charges made when incurred. Further details of the nature and effect of the changes to previous accounting policies can be referred to note 3 of the notes to the interim financial information.

At 30th September 2018, the Group held financial investments of approximately HK\$13,506 million (31st March 2018: HK\$12,050 million), with HK\$5,924 million (31st March 2018: HK\$4,936 million) held by the listed hotel subsidiary group. The investment portfolio comprise 86% by listed debt securities (mostly issued by PRC-based real estate companies), 13% by listed equity securities (of which approximately 80% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 93% in United States dollar, 5% in Hong Kong dollar and 2% in Sterling.

The portfolio increment largely arose from a further net investment of HK\$2,915 million and a mark-to-market valuation net loss of HK\$1,459 million, of which a net investment loss of HK\$222 million was charged to profit and loss while the remaining were recognized in the investment reserve account pursuant to HKFRS 9. The net investment loss comprised changes in the expected credit loss, impairment charges and exchange losses of listed debt securities, offset by fair value changes of listed equity securities. The drop in market price is mainly due to a rising interest rate environment, the market correction following the uncertainties over the Sino-US trade conflict, and the various austerity measures over the PRC property market.

Income from these investment portfolio amounted to HK\$655 million (2017: HK\$423 million). The increase in income is resulted from further investment in debt securities.

At 30th September 2018, an approximate value of HK\$2,300 million (31st March 2018: HK\$1,930 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.



## Management Discussion and Analysis

### FINANCIAL REVIEW

Save for that of the listed hotel subsidiary group, which is independently administered, the Group's financing and treasury activities are centrally managed and controlled at the corporate level. At 30th September 2018, it had over HK\$4.2 billion (31st March 2018: HK\$6.1 billion) cash and undrawn banking facilities.

At 30th September 2018, the Group's total assets were approximately HK\$35.4 billion (31st March 2018: HK\$32.5 billion), the net assets were HK\$18.8 billion (31st March 2018: HK\$19.4 billion). Adopting market value of hotel properties, the revalued total assets and revalued net assets of the Group would be HK\$44.2 billion and HK\$27.6 billion, compared to HK\$40.8 billion and HK\$27.7 billion respectively at 31st March 2018.

Net debt was HK\$15.0 billion (31st March 2018: HK\$11.5 billion), including HK\$6.3 billion (31st March 2018: HK\$4.7 billion) which belonged to the separately listed hotel subsidiary group. Total interest cost increased as a result of increased borrowings together with the gradual rate hike. Currently, the Group's gearing (net debt to revalued net asset value) is approximately 54% (31st March 2018: 41%). As at 30th September 2018, the Group had

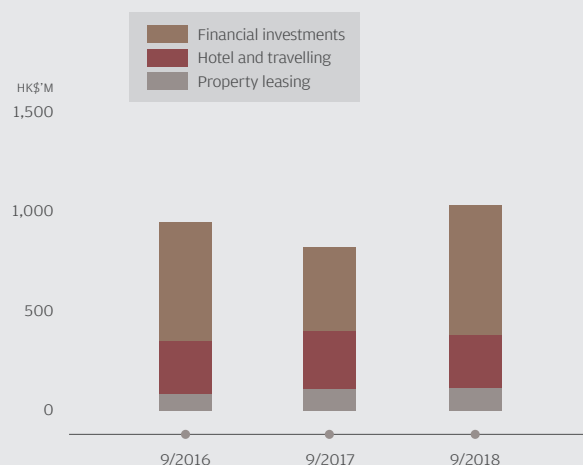
net current assets of HK\$10.3 billion (31st March 2018: HK\$10.3 billion) and the HK\$14.1 billion aggregate amount of marketable securities and cash together represented 3.1 times of the HK\$4.6 billion current debt repayable within 12 months.

61% of the debts are secured and 99% of the debts are at floating rates. The maturities of our debts spread over a long period of up to 8 years, with 6% repayable after 5 years and 65% repayable between one to five years. The remaining 29% comprise short term loans and overdraft and is repayable within 1 year.

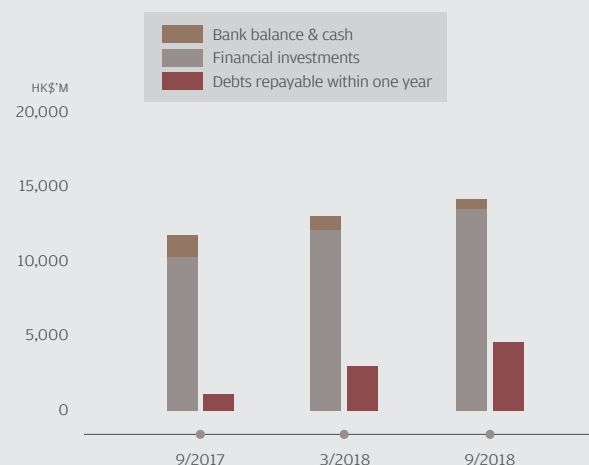
About 92% of the Group's borrowings are in Hong Kong dollar, 7% in United States dollar and the remaining 1% in other currencies.

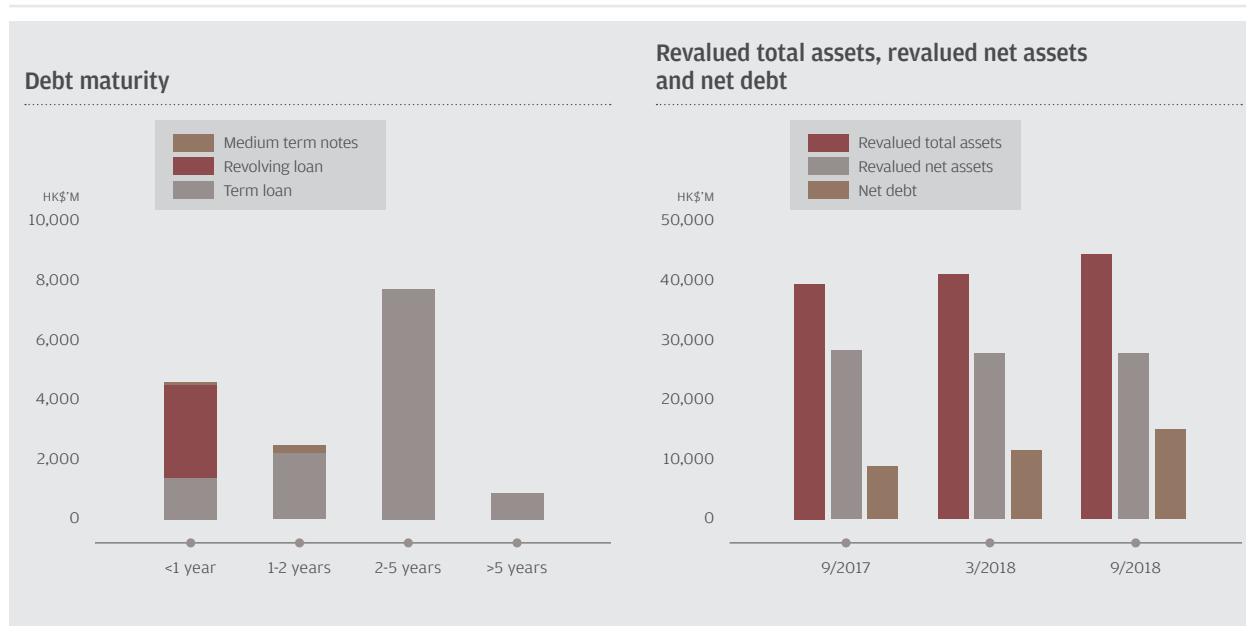
As at 30th September 2018, property assets with an aggregate net book value of HK\$15.6 billion (31st March 2018: HK\$14.9 billion) were pledged to secure banking facilities of the Group. HK\$2,772 million (31st March 2018: HK\$897 million) guarantees were provided to financial institutions and third parties against outstanding loans of joint ventures.

#### Recurring income (Gross revenue)



#### Liquidity & cash reserves





## EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2018, the Group employed approximately 360 (31st March 2018: 340) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

## FUTURE PROSPECT

The US China trade conflict has raised substantial uncertainty to the economy, while Federal Reserve has several rate hikes in 2018. The resilient Hong Kong property market has softened lately, after the continuous effort of local government to increase the land supply by every means, and banks raised the local prime lending rate recently. However, the effect on the office and luxury residential property market is yet to be seen.

The slowdown of price increase and the property market in Mainland is more obvious, as reflected by the reduction in land auction price, increase in unsuccessful land bids, property prices trade off to maintain volume. Central government continued to impose stringent austerity

measures on the property sector. The Sino-US trade dispute exerts pressure on the Mainland's economic growth and thus the property market.

Hotel performance has regained momentum during the financial year. With the completion of more infrastructure projects in particular the High Speed Rail Link and the Hong Kong-Zhuhai-Macau Bridge, we are expecting the continuous gradual increment of visitors staying overnight, and remain positive over the long-term prospects of our hospitality industry.

Financial market continues to be volatile, especially amongst the environment of trade disputes between various territories with the United States, the interest rate hike, and the political tension brought by United States administration.

The Group have successfully repositioned its tenant mix and improved the rental performance following the upgrading and renovating of the Wanchai headquarter office building. Retail space segment is becoming stable after a period of consolidation. We expect to upkeep our performance in the leasing activities.

Management remain cautious in the rapidly changing environment and is affirmative with the Group's performance.

# Report on Review of Interim Financial Information

**To the Board of Directors of  
Asia Standard International Group Limited**  
*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 46, which comprises the condensed consolidated balance sheet of Asia Standard International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2018 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 28 November 2018

# Condensed Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2018 HK\$'000	2017 HK\$'000
Revenue	6	1,031,338	892,976
Cost of sales		(157,721)	(192,776)
Gross profit		873,617	700,200
Selling and administrative expenses		(127,180)	(124,166)
Depreciation		(59,670)	(78,653)
Net investment (loss)/gain	7	(218,636)	344,491
Fair value gain of investment properties		634,658	451,528
Operating profit		1,102,789	1,293,400
Net finance costs	9	(231,147)	(126,463)
Share of profits less losses of			
Joint ventures		26,768	38,198
Associated companies		48,877	(20,384)
Profit before income tax		947,287	1,184,751
Income tax expense	10	(15,823)	(14,571)
Profit for the period		931,464	1,170,180
Attributable to:			
Shareholders of the Company		909,008	1,136,971
Non-controlling interests		22,456	33,209
		931,464	1,170,180
Earnings per share (HK\$)			
Basic	12	0.69	0.86
Diluted	12	0.69	0.86

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Profit for the period	<b>931,464</b>	1,170,180
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value loss on debt securities at fair value through other comprehensive income	<b>(1,087,869)</b>	-
Fair value gain on available-for-sale investments	-	43,241
Cash flow hedges		
- fair value gain	<b>1,796</b>	15,336
- transfer to finance costs	<b>(3,660)</b>	(10,544)
- realised loss	<b>(446)</b>	-
Currency translation differences	<b>223</b>	18,843
Share of currency translation differences of joint ventures	<b>(152,169)</b>	72,665
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	<b>(178,266)</b>	-
	<b>(1,420,391)</b>	139,541
Total comprehensive (charge)/income for the period	<b>(488,927)</b>	1,309,721
Attributable to:		
Shareholders of the Company	<b>(431,123)</b>	1,263,506
Non-controlling interests	<b>(57,804)</b>	46,215
	<b>(488,927)</b>	1,309,721

## Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2018 HK\$'000	31st March 2018 HK\$'000
<b>Non-current assets</b>			
Investment properties	13	9,644,390	9,006,185
Property, plant and equipment	14	4,089,787	4,091,590
Joint ventures and associated companies		5,356,511	4,753,273
Loan receivables		1,491	2,054
Financial investments	16	588,762	684,383
Deferred income tax assets		46,055	38,128
		<b>19,726,996</b>	18,575,613
<b>Current assets</b>			
Properties under development for sale		1,545,983	767,405
Completed properties held for sale		3,501	3,501
Hotel and restaurant inventories		13,848	14,091
Trade and other receivables	15	539,300	497,662
Loan receivables		167	340,966
Income tax recoverable		2,581	2,776
Financial investments	16	12,917,415	11,366,000
Bank balances and cash		626,821	917,399
		<b>15,649,616</b>	13,909,800
<b>Current liabilities</b>			
Trade and other payables	17	369,048	305,092
Amount due to joint ventures		134,813	61,659
Amount due to an associated company		224,400	224,400
Amount due to non-controlling interests		38,670	-
Income tax payable		50,491	33,224
Derivative financial instruments		-	3,522
Medium term notes		99,490	315,868
Borrowings	18	4,480,810	2,634,572
		<b>5,397,722</b>	3,578,337
<b>Net current assets</b>		<b>10,251,894</b>	10,331,463

## Condensed Consolidated Balance Sheet - Unaudited

	<i>Note</i>	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Non-current liabilities			
Long term borrowings	18	10,783,628	9,081,222
Medium term notes	19	248,583	347,291
Convertible notes		6,865	6,655
Deferred income tax liabilities		109,480	107,761
		<b>11,148,556</b>	9,542,929
<hr style="border-top: 1px dashed black;"/>			
Net assets		<b>18,830,334</b>	19,364,147
Equity			
Share capital	20	13,197	13,197
Reserves	21	18,185,118	18,655,834
Equity attributable to shareholders of the Company		<b>18,198,315</b>	18,669,031
Non-controlling interests		632,019	695,116
		<b>18,830,334</b>	19,364,147

# Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
<b>Cash flows from operating activities</b>		
Net cash used in operation	(3,094,320)	(1,428,920)
Net income tax paid	(2,727)	(6,669)
Interest paid	(233,982)	(132,955)
Interest received from bank deposit and other receivables	71,793	9,784
Net cash used in operating activities	(3,259,236)	(1,558,760)
<b>Cash flows from investing activities</b>		
Purchase of available-for-sale investments	-	(8,036)
Purchase of financial assets at FVOCI	(82,960)	-
Addition to investment properties	(3,546)	(10,032)
Addition to property, plant and equipment	(44,099)	(60,464)
Repayment of loan by a joint venture partner	280,000	-
Increase in investment in joint ventures	(79,613)	(197,753)
(Advance to)/repayment by associated companies and joint ventures	(526,994)	3,120
Net cash used in investing activities	(457,212)	(273,165)
<b>Cash flows from financing activities</b>		
Drawdown of long term borrowings	2,752,000	2,523,000
Repayment of long term borrowings	(1,118,666)	(82,392)
Net increase in short term borrowings	1,933,594	75,445
Net redemption of medium term notes	(319,528)	-
Contribution from non-controlling interests	38,670	-
Dividend paid	(39,593)	(39,593)
Dividend paid to non-controlling interests	(4,604)	(4,604)
Coupon to convertible noteholders	(689)	(492)
Net cash generated from financing activities	3,241,184	2,471,364
Net (decrease)/increase in cash and cash equivalents	(475,264)	639,439
Cash and cash equivalents at the beginning of the period	777,040	647,213
Changes in exchange rates	(220)	6,065
Cash and cash equivalents at the end of the period	301,556	1,292,717
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash (excluding restricted bank balances)	301,556	1,292,717



## Condensed Consolidated Statement of Changes in Equity – Unaudited

	Equity attributable to shareholders of the Company			Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000		
At 31st March 2017	13,197	17,023,960	17,037,157	661,570	17,698,727
Net fair value gain on available-for-sale investments	-	36,252	36,252	6,989	43,241
Cash flow hedges					
- fair value gain	-	15,336	15,336	-	15,336
- transfer to finance costs	-	(10,544)	(10,544)	-	(10,544)
Currency translation differences	-	85,491	85,491	6,017	91,508
Profit for the period	-	1,136,971	1,136,971	33,209	1,170,180
Total comprehensive income for the period	-	1,263,506	1,263,506	46,215	1,309,721
2017 final dividend	-	(39,593)	(39,593)	(4,604)	(44,197)
Coupon to convertible noteholders	-	-	-	(492)	(492)
Total transaction with owners	-	(39,593)	(39,593)	(5,096)	(44,689)
At 30th September 2017	13,197	18,247,873	18,261,070	702,689	18,963,759
<b>At 31st March 2018</b>	<b>13,197</b>	<b>18,655,834</b>	<b>18,669,031</b>	<b>695,116</b>	<b>19,364,147</b>
Net fair value loss on financial assets at FVOCI	-	(1,186,471)	(1,186,471)	(79,664)	(1,266,135)
Cash flow hedges					
- fair value gain	-	1,796	1,796	-	1,796
- transfer to finance costs	-	(3,660)	(3,660)	-	(3,660)
- realised loss	-	(446)	(446)	-	(446)
Currency translation differences	-	(151,350)	(151,350)	(596)	(151,946)
Profit for the period	-	909,008	909,008	22,456	931,464
Total comprehensive charge for the period	-	(431,123)	(431,123)	(57,804)	(488,927)
2018 final dividend	-	(39,593)	(39,593)	(4,604)	(44,197)
Coupon to convertible noteholders	-	-	-	(689)	(689)
Total transaction with owners	-	(39,593)	(39,593)	(5,293)	(44,886)
At 30th September 2018	13,197	18,185,118	18,198,315	632,019	18,830,334

# Notes to the Interim Financial Information

## 1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (“HKEX”). The address of its registered office was 30th Floor, MassMutual Tower, 33 Lockhart Road, Wanchai, Hong Kong.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2018 (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3 THE ADOPTION OF NEW HKFRS

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2018, except adoption of the following new standards that is effective for the financial year ending 31st March 2019 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from contracts with customers

The adoption of HKFRS 9 and HKFRS 15 from 1st January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9 and HKFRS 15, comparative figures have not been restated.

## Notes to the Interim Financial Information

### 3 THE ADOPTION OF NEW HKFRS (Continued)

#### HKFRS 9 FINANCIAL INSTRUMENTS

The Group's existing available-for-sale ("AFS") investments as at 31 March 2018 would be reclassified as financial assets at fair value through other comprehensive income ("FVOCI"). It would have no change to the fair value measurement method of these long term financial assets at FVOCI from AFS investments except for any gains or losses realised upon sale will no longer be transferred to the profit and loss account, but instead reclassified from "investment revaluation reserve" (previously named as "AFS investment reserve") to "revenue reserve". In addition, there will be no more impairment losses required to be charged to the profit and loss account for equity investments at FVOCI under the new guidance.

Equity investments that were previously classified as financial assets at fair value through profit or loss ("FVPL") at 31 March 2018 are continued to be classified as financial assets at FVPL, except for financial assets at FVPL previously included in non-current assets to be classified as financial assets at FVOCI, on 1 April 2018. There is no change in the measurement of fair value and realised gains or losses.

The Group's investments in debt securities that were previously classified as financial assets at FVPL satisfied the conditions for classification as financial assets at FVOCI. Therefore, all unrealised fair value changes of these debt investments would be recognised in other comprehensive income (except unrealised exchange differences and changes in expected credit loss which would be recognised in the profit and loss account). Any gains or losses realised upon disposal would be recognised in the profit and loss account.

The new impairment provisions under HKFRS 9 requires the recognition of impairment based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts.

From 1st April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been change.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, the Group did not identify any new hedge relationships upon the adoption of HKFRS 9.

The Group will not apply the standard retrospectively as permitted under the new standard. Comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and any differences in the previous carrying amounts and the carrying amount at the beginning of current accounting period will be recognised as an adjustment to the opening balance of revenue reserve (or other component of equity, as appropriate) in the year of adoption.

### 3 THE ADOPTION OF NEW HKFRS (Continued)

#### HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

HKFRS 15 replaces both the provisions of HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

In prior reporting periods, the Group accounted for property development activities when significant risks and rewards of ownership of properties have been transferred to the customers. Under HKFRS 15, revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for complete satisfaction as allocated to the contract.

Revenue from the Group’s existing pre-sale properties contracts will remain unchanged and recognised at a single point in time. Revenue from pre-sale properties contracts entered in the future might be recognised at a single point in time or over a period depending on the terms of contract and laws that apply to the contract.

The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties is transferred, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model.

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue from service.

The adoption of HKFRS 15 has no material impact on the condensed consolidated interim financial statements of the Group as at 1st April 2018.

## Notes to the Interim Financial Information

## 3 THE ADOPTION OF NEW HKFRS (Continued)

Effect on adoption of new HKFRS is as follows:

**HKFRS 9****Condensed consolidated balance sheet (extract)**

	As at 1st April 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
<b>Non-current assets</b>			
Financial investments			
AFS investments	273,575	(273,575)	-
Financial assets at FVPL	410,808	(410,808)	-
Financial assets at FVOCI	-	684,383	684,383
	684,383	-	684,383
<b>Current assets</b>			
Financial investments			
Financial assets at FVPL	11,366,000	(9,802,252)	1,563,748
Financial assets at FVOCI	-	9,802,252	9,802,252
	11,366,000	-	11,366,000
<b>Reserves</b>			
Investment revaluation reserve (previously named as "AFS investment reserve")	86,062	(52,806)	33,256
Revenue reserve	13,448,095	52,806	13,500,901
	As at 30th September 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
<b>Non-current assets</b>			
Financial investments			
AFS investments	337,206	(337,206)	-
Financial assets at FVPL	251,556	(251,556)	-
Financial assets at FVOCI	-	588,762	588,762
	588,762	-	588,762
<b>Current assets</b>			
Financial investments			
Financial assets at FVPL	12,917,415	(11,598,103)	1,319,312
Financial assets at FVOCI	-	11,598,103	11,598,103
	12,917,415	-	12,917,415
<b>Reserves</b>			
Investment revaluation reserve (previously named as AFS investment reserve)	70,065	(1,223,280)	(1,153,215)
Revenue reserve	13,147,036	1,223,280	14,370,316

## Notes to the Interim Financial Information

## 3 THE ADOPTION OF NEW HKFRS (Continued)

	For the six months ended 30th September 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
<b>Condensed consolidated profit and loss account (extracted)</b>			
Revenue	1,000,090	31,248	1,031,338
Net investment loss	(1,436,036)	1,217,400	(218,636)
Income tax expense	(13,981)	(1,842)	(15,823)
Profit for the period attributable to:			
Shareholders of the Company	(261,466)	1,170,474	909,008
Non-controlling interests	(53,876)	76,332	22,456
	(315,342)	1,246,806	931,464
Basic (loss)/earnings per share	(0.20)	0.89	0.69
<b>Condensed consolidated statement of comprehensive income (extracted)</b>			
Other comprehensive income			
Fair value loss on financial assets at FVOCI			
- Debt securities	-	(1,087,869)	(1,087,869)
- Equity securities	-	(178,266)	(178,266)
Fair value loss on AFS investments	(19,329)	19,329	-
Total comprehensive income attributable to:			
Shareholders of the Company	(431,123)	-	(431,123)
Non-controlling interests	(57,804)	-	(57,804)
	(488,927)	-	(488,927)

## Notes to the Interim Financial Information

### 3 THE ADOPTION OF NEW HKFRS (Continued)

#### HKFRS 15

As at 30th September 2018, contract liabilities included in trade and other payables of HK\$108,794,000 (1st April 2018: HK\$56,833,000) in relation to sale of properties were previously presented as deposit received from sale of properties and were reclassified to contract liabilities under HKFRS 15.

There are no other standards or interpretations effective for financial period beginning on 1st April 2018 that would have a material impact to the Group.

### 4 FINANCIAL RISK MANAGEMENT

#### (I) FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. There have been no changes in the overall risk management since the year ended 31st March 2018 except for credit risk of financial instruments upon the adoption of HKFRS 9.

#### Measurement of expected credit losses

##### (A) *Segmentation of financial instrument*

The Group adopts a "three-stage" model for impairment based on changes in credit quality since initial recognition, to estimate the expected credit losses.

The key definition of the three stages are summarised below:

- Stage 1: For financial instruments with no significant increase in credit risk after initial recognition or that have low credit risk at the reporting date, 12 months expected credit losses are recognised;
- Stage 2: For financial instruments with significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date), but there are no objective evidence of impairment, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset;
- Stage 3: For financial instruments show objective evidence of impairment at the end of the reporting period, lifetime expected credit losses are recognised and interest revenue is calculated on the net carrying amount of the asset.

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### (I) FINANCIAL RISK FACTORS (Continued)

#### Measurement of expected credit loss (ECL) (Continued)

##### (B) Significant change in credit risk

The Group assesses whether the credit risk of a financial instrument has changed significantly since initial recognition on a semi-annual basis. The Group sufficiently considers reasonable and supportable information, including forward-looking information, which reflects the significant change in credit risk. The major factors considered include regulatory and business environment, external credit rating, repayment ability, operation capacity, repayment behaviours, etc. The Group compares the risk of a default occurring as at the end of the reporting period with that as at the date of initial recognition of one financial instrument or a portfolio of financial instruments that shares the similar credit risk characteristics. The Group considers the change in probability of default, delinquency of interest or principal repayments and other factors to determine whether there is significant change in credit risk since initial recognition.

##### (C) Definition of default and credit-impaired assets

The Group considers a financial instrument is default, when it is credit-impaired.

In order to evaluate whether a financial asset is impaired, the Group considers the following criteria:

- Significant financial difficulty of the borrower or issuer;
- Breach of contract term, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the issuer of an equity instrument;
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; and
- Other objective evidence indicating there is an impairment of the financial asset.

The Interim Financial Information does not include other financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2018.



## Notes to the Interim Financial Information

## 4 FINANCIAL RISK MANAGEMENT (Continued)

## (II) FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>At 30th September 2018</b>			
<b>Assets</b>			
<b>Financial investments</b>			
Financial assets at FVOCI	458,053	11,637,976	90,836
Financial assets at FVPL	1,248,974	70,338	-
	<b>1,707,027</b>	<b>11,708,314</b>	<b>90,836</b>
<b>At 31st March 2018</b>			
<b>Assets</b>			
<b>Financial investments</b>			
Financial assets at FVPL	1,905,685	9,871,123	-
AFS investments	225,546	39,945	8,084
	<b>2,131,231</b>	<b>9,911,068</b>	<b>8,084</b>
<b>Liabilities</b>			
Derivative financial instruments	-	3,522	-

## 4 FINANCIAL RISK MANAGEMENT (Continued)

### (II) FAIR VALUE ESTIMATION (Continued)

During the six months ended 30th September 2018, there was no transfer between level 1, level 2 and level 3 fair value measurements and there was no change in valuation technique.

- Financial instruments in level 1  
The fair value of financial instruments traded in active markets (such as listed equity securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1.
- Financial instruments in level 2  
The fair value of financial instruments that are not traded in an active market (over-the-counter investments and derivatives) is determined by using latest available transaction price or valuation techniques. Judgements as to whether there is an active market may include, but not restricted to, consideration of factors such as the magnitude and frequency of trading activities, the availability of prices and the size of bid/ask spreads. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- Financial instruments in level 3  
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 instruments comprised unlisted equity securities which are not traded in an active market. Fair values of these instruments have been determined using appropriate valuation techniques with references including other prices observed in recent transactions.

## Notes to the Interim Financial Information

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this condensed consolidated interim financial information, except for the below mentioned amendment, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2018.

The adoption of HKFRS 9 has resulted in a change to the assessment of the critical accounting estimates and judgements related to impairment of financial investments. The loss allowances for financial investments are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### 6 SEGMENT INFORMATION

The Group is principally engaged in property development and investment, hotel, travel operation and securities investments. Revenue includes revenue from property sales and leasing, hotel and travel operation, management services, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into four main operating segments, comprising property sales, property leasing, hotel and travel and financial investments. Segment assets consist primarily of property, plant and equipment, investment properties, financial investments, other non-current assets, hotel inventories, properties under development/held for sale and trade and other receivables. Segment liabilities comprise mainly borrowings.

## Notes to the Interim Financial Information

## 6 SEGMENT INFORMATION (Continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 30th September 2018</b>						
Segment revenue	-	104,860	260,268	654,863	11,347	1,031,338
Contribution to segment results	(13,043)	86,638	81,647	653,737	10,946	819,925
Depreciation	-	-	(50,483)	-	(9,187)	(59,670)
Net investment loss	-	-	-	(218,636)	-	(218,636)
Fair value gain of investment properties	-	634,658	-	-	-	634,658
Share of profits less losses of						
Joint ventures	21,785	-	-	-	4,983	26,768
Associated companies	-	48,961	-	-	(84)	48,877
Segment results	8,742	770,257	31,164	435,101	6,658	1,251,922
Unallocated corporate expenses						(73,488)
Net finance costs						(231,147)
<b>Profit before income tax</b>						<b>947,287</b>
<b>Six months ended 30th September 2017</b>						
Segment revenue	-	95,603	288,084	423,344	85,945	892,976
Contribution to segment results	(1,636)	77,382	95,025	422,763	54,507	648,041
Depreciation	-	-	(75,658)	-	(2,995)	(78,653)
Net investment gain	-	-	-	344,491	-	344,491
Fair value gain of investment properties	-	451,528	-	-	-	451,528
Share of profits less losses of						
Joint ventures	36,661	-	-	-	1,537	38,198
Associated companies	-	(20,355)	-	-	(29)	(20,384)
Segment results	35,025	508,555	19,367	767,254	53,020	1,383,221
Unallocated corporate expenses						(72,007)
Net finance costs						(126,463)
<b>Profit before income tax</b>						<b>1,184,751</b>

## Notes to the Interim Financial Information

## 6 SEGMENT INFORMATION (Continued)

	Business segments						Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
<b>As at 30th September 2018</b>							
<b>Assets</b>	5,024,568	11,682,840	3,136,615	13,924,038	99,192	1,509,359	35,376,612
<b>Assets include:</b>							
Joint ventures and associated companies	3,337,331	1,999,213	-	-	16,499	3,468	5,356,511
<b>Addition to non-current assets for the six months ended 30th September 2018*</b>	204,851	3,546	39,912	-	8,299	-	256,608
<b>Liabilities</b>							
Borrowings	3,285,737	1,025,230	1,957,326	4,086,459	-	4,909,686	15,264,438
Other unallocated liabilities							1,281,840
							16,546,278
<b>As at 31st March 2018</b>							
<b>Assets</b>	4,011,428	10,598,094	3,276,687	12,387,185	471,681	1,740,338	32,485,413
<b>Assets include:</b>							
Joint ventures and associated companies	3,184,009	1,544,483	-	-	11,230	3,551	4,753,273
<b>Addition to non-current assets for the six months ended 30th September 2017*</b>	-	10,032	41,789	-	34,629	-	86,450
<b>Liabilities</b>							
Borrowings	2,453,469	1,048,628	1,737,356	2,269,011	280,000	3,927,330	11,715,794
Other unallocated liabilities							1,405,472
							13,121,266

\* These amounts exclude financial instruments and deferred income tax assets.

## Notes to the Interim Financial Information

## 6 SEGMENT INFORMATION (Continued)

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>		
Hong Kong	380,861	355,269
Overseas	650,477	537,707
	<b>1,031,338</b>	892,976

	30th September	31st March
	2018 HK\$'000	2018 HK\$'000
<b>Non-current assets*</b>		
Hong Kong	16,527,258	15,481,174
Overseas	2,563,430	2,369,874
	<b>19,090,688</b>	17,851,048

\* These amounts exclude financial instruments and deferred income tax assets.

## Notes to the Interim Financial Information

## 7 NET INVESTMENT (LOSS)/GAIN

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Financial assets at FVPL		
- net unrealised gain from market price movements	22,264	229,824
- net unrealised exchange (loss)/gain	(22,879)	48,602
- net realised (loss)/gain (note (a))	(4,332)	51,330
Financial assets at FVOCI		
- net unrealised exchange loss	(34,472)	-
- net realised gain (note (b))	6,341	-
- change in expected credit losses and other credit impairment charges	(187,284)	-
Derivative financial instrument		
- net unrealised gain	-	14,735
- net realised gain	1,726	-
	<b>(218,636)</b>	344,491

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Notes:		
(a) Net realised gain on financial assets at FVPL		
Gross consideration	269,909	4,360,842
Cost of investments	(419,711)	(3,788,470)
Total (loss)/gain	(149,802)	572,372
Less: net unrealised loss/(gain) recognised in prior years	145,470	(521,042)
Net realised (loss)/gain recognised in current period	<b>(4,332)</b>	51,330
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	407,447	-
Cost of investments	(397,033)	-
Total gain	10,414	-
Less: net unrealised gain recognised in prior years	(4,073)	-
Net realised gain recognised in current period	<b>6,341</b>	-
	<b>2,009</b>	51,330

## Notes to the Interim Financial Information

## 7 NET INVESTMENT (LOSS)/GAIN (Continued)

Supplementary information of net investment (loss)/gain on financial investments:

During the period, the Group derecognised 5 (2017: 31) debt securities and 4 (2017: 6) equity securities. Listed below are the securities disposed/redeemed/exchanged that contributed to the majority of realised gain:

	Realised gain/(loss) HK\$'000
Debt Securities	
Hydoo International Holding Ltd ("Hydoo") 13.75% notes	6,503
Others	(162)
Equity securities	
Orient Overseas (International) Limited ("OOIL")	11,109
Royal Bank of Scotland ("RBS")	(15,214)
Others	(227)
	2,009

Hydoo is principally engaged in the property development, sales and operation of commercial trade and logistic centers and residential properties in the PRC. Its shares are listed on HKEX (stock code: 1396). The notes derecognised were not rated and were listed on SGX-ST.

OOIL is principally engaged in container transport and logistics, and its shares are listed on HKEX (stock code: 316).

RBS is a global bank that provides financial services, and its shares are listed on London Stock Exchange (stock code: RBS) with a "BBB-" rated by S&P.

The unrealised (loss)/gain for the period was generated from the fair value changes of the financial investments that comprised 46 (2017: 35) securities as at 30th September 2018. Please refer to note 16 for the details.

Summary of unrealised (loss)/gain for the six months ended 30th September:

	2018 HK\$'000	2017 HK\$'000
Equity securities	(4,106)	275,170
Debt securities	(29,755)	2,385
Unlisted fund	(1,226)	871
	(35,087)	278,426



## Notes to the Interim Financial Information

## 8 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
<b>Income</b>		
Interest income		
- Listed investments	600,288	387,236
- Unlisted investment	2,034	2,034
- Loan receivables	9,810	20,265
- Bank deposits	1,218	1,730
Dividend income		
- Listed investments	25,332	23,516
<b>Expenses</b>		
Cost of properties and goods sold	6,009	11,833
Employee benefit expense, including Directors' emoluments (note (a))	95,765	108,233
Loss on disposal of property, plant and equipment	-	3
Operating lease rental expense for land and buildings	1,606	1,286
Note:		
<b>(a) Employee benefit expense</b>		
Wages and salaries	94,601	103,093
Retirement benefits costs	2,741	5,140
	97,342	108,233
Capitalised under property under development for sale	(1,577)	
	95,765	108,233

## Notes to the Interim Financial Information

## 9 NET FINANCE COSTS

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Interest expense		
Long term bank loans	(201,352)	(96,502)
Short term bank loans and overdrafts	(12,790)	(6,093)
Medium term notes	(9,224)	(16,860)
Interest income from derivative financial instruments	740	1,383
Interest capitalised	13,793	15,953
	(208,833)	(102,119)
Other incidental borrowing costs	(23,242)	(21,419)
Net foreign exchange loss on borrowings	(2,732)	(13,469)
Fair value gain on derivative financial instruments - cash flow hedge, transfer from reserve (note 21)	3,660	10,544
	(231,147)	(126,463)

## 10 INCOME TAX EXPENSE

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Current income tax		
Hong Kong profits tax	(18,700)	(15,028)
Overseas profits tax	(1,387)	(1,322)
(Under)/over provision in prior years	(102)	914
	(20,189)	(15,436)
Deferred income tax credit	4,366	865
	(15,823)	(14,571)

Hong Kong profits tax is provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

## Notes to the Interim Financial Information

### 11 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2018 (2017: Nil).

### 12 EARNINGS PER SHARE

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	909,008	1,136,971
Effect on dilutive potential shares:		
A portion of share options of the Company's listed subsidiary assume to be exercised	(121)	(311)
Profit for calculation of diluted earnings per share	908,887	1,136,660

	Number of shares	
	2018	2017
Weighted average number of shares for calculation of Basic earnings per share	1,319,782,288	1,319,782,288
Effect on dilutive potential shares:		
A portion of share options of the Company assume to be exercised	1,683,996	2,694,510
	1,321,466,284	1,322,476,798

### 13 INVESTMENT PROPERTIES

Investment properties were revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 30th September 2018 and 31st March 2018. All of the fair value measurements of the Group's investment properties were categorised as level 3 of the fair value hierarchy. There were no transfers into or out of level 3 during the period.

## Notes to the Interim Financial Information

## 14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land in Hong Kong HK\$'000	Hotel buildings HK\$'000	Other buildings HK\$'000	Other equipments HK\$'000	Total HK\$'000
<b>Cost</b>					
At 31st March 2018	3,338,120	1,518,102	306,210	178,033	5,340,465
Currency translation differences	-	-	-	82	82
Additions	2,107	33,443	9,233	13,110	57,893
Disposals	-	(292)	-	-	(292)
<b>At 30th September 2018</b>	<b>3,340,227</b>	<b>1,551,253</b>	<b>315,443</b>	<b>191,225</b>	<b>5,398,148</b>
<b>Accumulated depreciation</b>					
At 31st March 2018	554,542	614,172	14,257	65,904	1,248,875
Currency translation differences	-	-	-	(30)	(30)
Charge for the period	19,089	20,121	2,871	17,589	59,670
Disposals	-	(154)	-	-	(154)
<b>At 30th September 2018</b>	<b>573,631</b>	<b>634,139</b>	<b>17,128</b>	<b>83,463</b>	<b>1,308,361</b>
<b>Net book value</b>					
<b>At 30th September 2018</b>	<b>2,766,596</b>	<b>917,114</b>	<b>298,315</b>	<b>107,762</b>	<b>4,089,787</b>
At 31st March 2018	2,783,578	903,930	291,953	112,129	4,091,590

Supplementary information with completed hotel properties at valuation:

According to the Group's Accounting policies, the carrying amount of the five (31st March 2018: four) completed hotel properties in Hong Kong were HK\$2,969,996,000 (31st March 2018: HK\$2,969,715,000).

The aggregate open market value, on a highest and best use basis, of the five (31st March 2018: four) completed hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers"), independent professional valuers, amounted to HK\$11,772,000,000 (31st March 2018: HK\$10,653,700,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

## Notes to the Interim Financial Information

### 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

The hotel properties portfolio in Hong Kong comprised 5 (31st March 2018: 4) hotels. Vigers used the discounted cash flow (“DCF”) method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets.

The supplementary information with completed hotel properties at valuation is for readers’ information only. It does not constitute a disclosure requirement under HKASs 16 and 17.

### 15 TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Group include trade receivables, loan receivables, prepayment, utility and other deposits, accrued interest receivable and accrued dividend receivable.

Trade receivables of the Group amounted to HK\$78,282,000 (31st March 2018: HK\$72,201,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment is as follows:

	<b>30th September 2018 HK\$'000</b>	31st March 2018 HK\$'000
0 month to 6 months	<b>47,205</b>	71,045
7 months to 12 months	<b>31,064</b>	1,126
More than 12 months	<b>13</b>	30
	<b>78,282</b>	72,201

## Notes to the Interim Financial Information

## 16 FINANCIAL INVESTMENTS

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
<b>Non-current assets</b>		
Equity securities		
- Listed in Hong Kong	458,053	636,354
- Unlisted	130,709	48,029
	<b>588,762</b>	684,383
<b>Current assets</b>		
Equity securities		
- Listed in the USA	901,849	851,440
- Listed in Europe	247,781	443,809
- Listed in Hong Kong	99,344	199,628
	<b>1,248,974</b>	1,494,877
Debt securities		
- Listed in Singapore	10,877,367	9,063,688
- Listed in Europe	705,822	32,198
- Listed in Hong Kong	16,262	709,934
- Unlisted	59,572	54,866
	<b>11,659,023</b>	9,860,686
Unlisted fund	9,418	10,437
	<b>13,506,177</b>	12,050,383

## Notes to the Interim Financial Information

## 16 FINANCIAL INVESTMENTS (Continued)

Financial investments are classified in the following categories:

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
<b>Non-current assets</b>		
Financial assets at FVOCI	588,762	-
Financial assets at FVPL	-	410,808
AFS investments	-	273,575
	<b>588,762</b>	684,383
<b>Current assets</b>		
Financial assets at FVOCI	11,598,103	-
Financial assets at FVPL	1,319,312	11,366,000
	<b>12,917,415</b>	11,366,000
	<b>13,506,177</b>	12,050,383

Financial investments are denominated in the following currencies:

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
United States dollar	12,640,080	10,712,158
Hong Kong dollar	616,969	890,847
Sterling	247,781	443,809
Euro	1,347	3,569
	<b>13,506,177</b>	12,050,383

## Notes to the Interim Financial Information

## 16 FINANCIAL INVESTMENTS (Continued)

Supplementary information of financial investments:

## EQUITY SECURITIES

As at 30th September 2018, the Group held 22 (31st March 2018: 20) listed equity securities and 4 (31st March 2018: 2) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 30th September 2018 and 31st March 2018 and their corresponding unrealised (loss)/gain and dividend income for the six months ended 30th September 2018 and 2017 are as follows:

	Market value		Unrealised gain/(loss) for the six months ended 30th September		Dividend income for the six months ended 30th September	
	30th September 2018 HK\$'000	31st March 2018 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Citigroup Inc. ("Citigroup")	898,654	847,810	50,844	165,512	7,858	4,200
MGM China ("MGM")	251,556	410,808	(159,251)	51,123	3,266	5,599
HSBC Holdings PLC ("HSBC")	206,496	225,546	(19,050)	40,382	4,785	4,755
Lloyds Banking Group ("Lloyds")	127,081	149,704	(22,623)	11,846	6,789	6,844
Royal Bank of Scotland ("RBS")	120,701	294,104	(14,223)	43,790	-	-
Others	233,248	251,287	(18,277)	5,754	2,634	2,118
	<b>1,837,736</b>	<b>2,179,259</b>	<b>(182,580)</b>	<b>318,407</b>	<b>25,332</b>	<b>23,516</b>

Citigroup is a global bank that provides financial services, and its shares are listed on the New York Stock Exchange (stock code: C) with a "BBB+" rated by S&P. As at 30th September 2018, a total of 0.06% shareholding of Citigroup was held by the Group.

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on Hong Kong Stock Exchange (stock code: 2282). As at 30th September 2018, a total of 0.5% shareholding of MGM was held by the Group.

HSBC is the banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5). As at 30th September 2018, a total of 0.02% shareholding of HSBC was held by the Group.

Lloyds is a global bank that provides financial services, and its shares are listed on London Stock Exchange (stock code: LLOY) with a "BBB+" rated by S&P. As at 30th September 2018, a total of 0.03% shareholding of Lloyds was held by the Group.

RBS is a global bank that provides financial services, and its shares are listed on London Stock Exchange (stock code: RBS) with a "BBB-" rated by S&P. As at 30th September 2018, a total of 0.09% shareholding of RBS was held by the Group.



## Notes to the Interim Financial Information

## 16 FINANCIAL INVESTMENTS (Continued)

## DEBT SECURITIES

As at 30th September 2018, the Group held 19 (31st March 2018: 17) debt securities, 15 of them are listed in Singapore, 1 in Hong Kong, 2 in Europe and 1 is unlisted. Approximately 99% (31st March 2018: 99%) of the mark to market valuation comprising 17 (31st March 2018: 14) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong.

The summary of debt securities of financial assets as at 30th September 2018 and 31st March 2018 and their corresponding unrealised (loss)/gain and interest income for the six months ended 30th September 2018 and 2017 are as follows:

	As at 30th September 2018			As at 31st March 2018		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Principal amount of notes	13,566,631	50,700	13,617,331	10,206,009	65,172	10,271,181
Investment cost	25,977,336	50,256	26,027,592	9,732,547	57,836	9,790,383
Market value	11,598,104	60,919	11,659,023	9,802,252	58,434	9,860,686
Coupon	8% to 13.75%	8%	8% to 13.75%	8% to 13.75%	6% to 8%	6% to 13.75%
Maturity	Sep 2018 - Jun 2025	Jun 2019 - Oct 2042	Sep 2018 - Oct 2042	May 2018 - Jan 2025	Sep 2019 - Oct 2042 & 1 perpetual	May 2018 - Oct 2042 & 1 perpetual
Rating	NR to B	NR	NR to B	NR to B+	NR to B-	NR to B+

	For the six months ended 30th September 2018			2017		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Interest income	600,288	2,034	602,322	287,385	3,199	290,584
Unrealised gain/(loss)						
- to profit and loss account	(34,157)	4,402	(29,755)	208	2,177	2,385
- to other comprehensive income	(1,243,904)	-	(1,243,904)	-	-	-

## Notes to the Interim Financial Information

## 16 FINANCIAL INVESTMENTS (Continued)

## DEBT SECURITIES (Continued)

As at 30th September 2018, the 19 (30th September 2017: 15) debt securities of FVOCI gave rise to a net unrealised fair value loss of HK\$1,274 million for the six months ended 30th September 2018 (2017: HK\$2.4 million). A total of 2 (2017: 9) debt securities have recorded unrealised fair value gain, with the remaining 17 debt securities (2017: 6) that recorded unrealised fair value losses.

As at 30th September 2018, the mark to market valuation of the largest single debt securities within the Group's FVOCI represents approximately 8.2% (31st March 2018: 8.9%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 16.8% (31st March 2018: 17.4%). The remaining 14 debt securities represent 9.7% of the Group's revalued total assets, which each of them less than 2.0%.

The five largest debt securities held at 30th September 2018 are as follows:

	Market value				Unrealised gain/(loss)		Interest income	
	30th September 2018 HK\$'000	% of the debt securities portfolio	31st March 2018 HK\$'000	% of the debt securities portfolio	ended 30th September 2018 HK\$'000	2017 HK\$'000	ended 30th September 2018 HK\$'000	2017 HK\$'000
Kaisa 9.375% notes	3,631,031	31%	3,677,817	37%	(707,375)	22,345	216,185	92,298
Ronshine 8.25% notes	1,097,807	9%	373,785	3%	(6,270)	-	50,908	-
Evergrande 8.75% notes	971,815	8%	1,086,330	11%	(114,516)	12,282	47,805	23,865
Mingfa 11% notes due 2020	914,408	8%	948,413	10%	(34,004)	14,544	51,738	37,999
Fantasia 12% notes	782,750	7%	-	-	(5,358)	-	19,454	-

"Kaisa 9.375% notes", issued by Kaisa Group Holdings Limited ("Kaisa") and carries fixed coupon rate of 9.375% per annum. It is denominated in United States dollar ("US\$") and matures on 30th June 2024. The notes are listed on SGX-ST and not rated. Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operations in the PRC. Its shares are listed on HKEX (stock code: 1638).

"Ronshine 8.25% notes", issued by Ronshine China Holdings Limited ("Ronshine") and carries fixed coupon of 8.25% per annum. It is denominated in US\$ and matures on 1st February 2021. The notes are listed on SGX-ST. Ronshine is principally engaged in property development business in the PRC. Its shares are listed on HKEX (stock code: 3301).

## Notes to the Interim Financial Information

### 16 FINANCIAL INVESTMENTS (Continued)

#### DEBT SECURITIES (Continued)

“Evergrande 8.75% notes”, issued by China Evergrande Group (“Evergrande”) and carries fixed coupon of 8.75% per annum. It is denominated in United States dollars (“US\$”) and matures on 28th June 2025. The notes are rated “B-” by S&P and listed on SGX-ST. Evergrande is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. Its shares are listed on HKEX (stock code: 3333).

“Mingfa 11% notes”, issued by Mingfa Group (International) Company Limited (“Mingfa”) and carries fixed coupon of 11% per annum. It is denominated in US\$ and matures on 18 May 2020. The notes are listed on SGX-ST. Mingfa is principally engaged in property development, property investment and hotel operation in the PRC. Its shares are listed on HKEX (stock code: 846).

“Fantasia 12% notes”, issued by Fantasia Holdings Group Company Limited (“Fantasia”) and carries fixed coupon of 12% per annum. It is denominated in US\$ and matures on 15th July 2019. The notes are rated “B” by S&P and listed on SGX-ST. Fantasia is principally engaged in sales of properties in the PRC. Its shares are listed on HKEX (stock code: 1777).

### 17 TRADE AND OTHER PAYABLES

Trade and other payables of the Group include trade payables, rental and management fee deposits, contract liabilities, retentions payable of construction costs, interest payable and various accruals. Trade payables amounted to HK\$49,987,000 (31st March 2018: HK\$58,099,000).

Aging analysis of trade payables at the balance sheet date is as follows:

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
0 month to 6 months	24,564	57,288
7 months to 12 months	25,013	342
More than 12 months	410	469
	<b>49,987</b>	58,099

## Notes to the Interim Financial Information

## 18 BORROWINGS

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
<b>Current liabilities</b>		
Short term bank loans		
Secured	2,340,047	1,064,430
Unsecured	737,000	79,950
Current portion of long term bank loans		
Secured	765,920	1,194,275
Unsecured	561,477	219,994
Portion of long term bank loans with a repayment on demand clause, secured	76,366	75,923
	<b>4,480,810</b>	2,634,572
<b>Non-current liabilities</b>		
Long term bank loans		
Secured	6,415,728	4,307,473
Unsecured	4,367,900	4,773,749
	<b>10,783,628</b>	9,081,222
	<b>15,264,438</b>	11,715,794

The maturities of the long term bank loans, based on the scheduled repayment dates set out in the loan agreements and ignoring the effect of any repayment on demand clause, are as follow:

Repayable within one year	1,327,397	1,414,269
Repayable between one and two years	2,302,528	2,456,078
Repayable between two and five years	7,683,466	5,797,067
Repayable after five years	874,000	904,000
	<b>12,187,391</b>	10,571,414
Current portion included in current liabilities	<b>(1,327,397)</b>	(1,414,269)
	<b>10,859,994</b>	9,157,145

The carrying amounts of the short term and long term borrowings approximate their fair values.

## Notes to the Interim Financial Information

## 19 MEDIUM TERM NOTES

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Listed in Hong Kong RMB255 million at coupon of 6.5% per annum due April 2018	-	315,868
Unlisted Notes at coupon of 4.8% per annum due July 2019	100,000	100,000
Notes at coupon of 3% above HIBOR per annum due April 2020	250,000	250,000
	<b>350,000</b>	665,868
Less: deferred issue expenses	<b>(1,927)</b>	(2,709)
	<b>348,073</b>	663,159
Included in current liabilities RMB255 million at coupon of 6.5% per annum due April 2018	-	(315,868)
Notes at coupon of 4.8% per annum due July 2019 (net of related deferred issue expenses)	<b>(99,490)</b>	-
	<b>248,583</b>	347,291

The carrying amounts of these notes approximate their fair value.

## 20 SHARE CAPITAL

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised: At 31st March 2018 and 30th September 2018	400,000,000,000	4,000,000
Issued and fully paid: At 31st March 2018 and 30th September 2018	1,319,782,288	13,197

## Notes to the Interim Financial Information

## 21 RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Contributed surplus HK\$'000	Hedging reserve HK\$'000	Currency translation reserve HK\$'000	Property revaluation reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2018	2,175,239	44,190	5,217	86,062	2,782,836	2,310	86,994	24,891	13,448,095	18,655,834
Adoption of HKFRS 9	-	-	-	(52,806)	-	-	-	-	52,806	-
At 31st March 2018 (restated)	2,175,239	44,190	5,217	33,256	2,782,836	2,310	86,994	24,891	13,500,901	18,655,834
Net fair value loss on financial assets at FVOCI	-	-	-	(1,186,471)	-	-	-	-	-	(1,186,471)
Cash flow hedges:										
- fair value gain	-	-	-	-	-	1,796	-	-	-	1,796
- transfer to finance costs (note 9)	-	-	-	-	-	(3,660)	-	-	-	(3,660)
- realised loss	-	-	-	-	-	(446)	-	-	-	(446)
Currency translation differences	-	-	-	-	-	-	(151,350)	-	-	(151,350)
Profit for the period	-	-	-	-	-	-	-	-	909,008	909,008
2018 final dividend	-	-	-	-	-	-	-	-	(39,593)	(39,593)
<b>At 30th September 2018</b>	<b>2,175,239</b>	<b>44,190</b>	<b>5,217</b>	<b>(1,153,215)</b>	<b>2,782,836</b>	<b>-</b>	<b>(64,356)</b>	<b>24,891</b>	<b>14,370,316</b>	<b>18,185,118</b>

## 22 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	<b>30th September 2018 HK\$'000</b>	31st March 2018 HK\$'000
Contracted but not provided for		
Investment properties	<b>15,363</b>	7,022
Property, plant and equipment	<b>4,482</b>	29,497
Contribution to joint ventures	<b>568,032</b>	498,064
	<b>587,877</b>	534,583

## Notes to the Interim Financial Information

## 23 FINANCIAL GUARANTEES

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Guarantees for the bank and other loans of joint ventures	<b>2,771,583</b>	897,074

## 24 RELATED PARTY TRANSACTIONS

During the period, the following transactions were carried out with related parties:

	Six months ended 30th September 2018 HK\$'000	2017 HK\$'000
Income from/(expense to) subsidiaries of Asia Orient Holdings Ltd		
Rental income	<b>1,305</b>	1,305
Building management fee expense	<b>(1,531)</b>	(1,260)
Cleaning expense	<b>(2,997)</b>	(2,576)

No transactions have been entered into with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being key management personnel compensation) (2017: Nil).

## Other Information

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30th September 2018 are as follow:

	<b>Proforma combined balance sheet</b> HK\$'000	Group's attributable interest HK\$'000
Non-current assets	12,777,890	3,689,063
Current assets	9,812,854	4,447,612
Current liabilities	(4,201,040)	(1,205,790)
Non-current liabilities	(8,001,148)	(2,651,732)
	<b>10,388,556</b>	<b>4,279,153</b>

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheet, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the balance sheet as at 30th September 2018.



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2018, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")), which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### (I) LONG POSITIONS IN SHARES

##### (a) The Company

Director	Number of shares held			Percentage of shares in issue (%)
	Personal interest	Corporate interest	Total	
Poon Jing	1,308,884	683,556,392	684,865,276	51.89

Note:

By virtue of Mr. Poon Jing's controlling interest (50.44%) in Asia Orient Holdings Limited ("Asia Orient"), he is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

### (I) LONG POSITIONS IN SHARES (Continued)

#### (b) Associated corporations

Director	Associated Corporation	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Family interest	Corporate interest		
Poon Jing	Asia Orient	273,607,688	5,318,799	145,213,900 (Notes)	424,140,387	50.44
	Asia Standard Hotel Group Limited ("Asia Standard Hotel")	152,490	-	1,346,158,049 (Notes)	1,346,310,539	66.71
Poon Hai	Asia Orient	10,444,319	-	-	10,444,319	1.24
Fung Siu To, Clement	Asia Orient	15,440,225	-	-	15,440,225	1.83
	Mark Honour Limited	9	-	-	9	0.01

Notes:

- By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the shares of Asia Standard Hotel held by Asia Orient and the Company.
- By virtue of Mr. Poon Jing's interest in the Company through Asia Orient, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

### (II) LONG POSITIONS IN UNDERLYING SHARES

#### Interest in share options

##### (a) The Company

Director	Outstanding as at 1st April 2018 and 30th September 2018
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

- Options were granted under 2014 Share Option Scheme (as described under the heading "Share Option Schemes") on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no options was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

#### (II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

##### Interest in share options (Continued)

(b) *Associated corporations - Asia Orient*

<b>Director</b>	<b>Outstanding as at 1st April 2018 and 30th September 2018</b>
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

- Options were granted on 11th December 2015 under a share option scheme adopted by Asia Orient on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(b) *Associated corporations - Asia Standard Hotel*

<b>Director</b>	<b>Outstanding as at 1st April 2018 and 30th September 2018</b>
Poon Hai	14,400,000
Poon Yeung, Roderick	14,400,000

Notes:

- Options were granted under 2006 Asia Standard Hotel Share Option Scheme (as described under heading "Share Option Schemes") on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

### (III) LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

#### Interest in convertible notes

*Associated corporations - Asia Standard Hotel*

Director	Nature of interest	Amount of convertible note held (HK\$)	Number of underlying shares held
Poon Jing	Corporate	1,219,619,192	2,692,316,098

Note:

By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. The convertible notes are redeemable at the redemption value of HK\$0.453 per convertible note. Please refer to the section headed "Convertible Notes" of 2018 Annual Report of the Company for details of the convertible notes.

Save as disclosed above, as at 30th September 2018, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2018, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

#### LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Total	Percentage (%)
Asia Orient (Note 1)	Beneficial owner Interests in controlled corporation	51,705,509 631,850,883	683,556,392	51.79
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	Interests in controlled corporation	631,850,883	631,850,883	47.87
Asia Orient Company Limited ("AOCL") (Note 2)	Beneficial owner Interests in controlled corporation	304,361,730 2,459,153	306,820,883	23.24
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	Interests in controlled corporation	284,376,649	284,376,649	21.54

Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to have interest and duplicate the interest in the same 631,850,883 shares held by Asia Orient BVI.
2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

Save as disclosed above, as at 30th September 2018, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

## SHARE OPTION SCHEMES

### THE COMPANY

The share option scheme of the Company adopted by the Company on 27th August 2004 (“2004 Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2018, there were 1,000,000 share options granted under 2004 Share Option Scheme outstanding. Movements of share options granted under 2004 Share Option Scheme during the period are as follows:

<b>Grantee</b>	<b>Outstanding as at 1st April 2018 and 30th September 2018</b>
Other employee	1,000,000

Notes:

- Options were granted on 13th March 2014 and exercisable during the period from 10th March 2017 to 12th March 2024 at an exercise price of HK\$2.00 per share.
- During the period, no option was granted, exercised, cancelled or lapsed.

The Company adopted a share option scheme on 29th August 2014 (“2014 Share Option Scheme”). As at 30th September 2018, there were 7,000,000 share options granted under 2014 Share Option Scheme outstanding. Movements of share options granted under 2014 Share Option Scheme during the period are as follows:

<b>Grantee</b>	<b>Outstanding as at 1st April 2018 and 30th September 2018</b>
Directors	7,000,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no option was granted, exercised, cancelled or lapsed.

## Other Information

### SHARE OPTION SCHEMES (Continued)

#### SUBSIDIARY – ASIA STANDARD HOTEL

The share option scheme of Asia Standard Hotel adopted by Asia Standard Hotel on 28th August 2006 (“2006 Asia Standard Hotel Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Asia Standard Hotel Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Asia Standard Hotel Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2018, there were 28,800,000 share options granted under 2006 Asia Standard Hotel Share Option Scheme outstanding. Movements of the share options granted under 2006 Asia Standard Hotel Share Option Scheme during the period are as follows:

<b>Grantee</b>	<b>Outstanding as at 1st April 2018 and 30th September 2018</b>
Directors	28,800,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the period, no option was granted, exercised, lapsed or cancelled.

Asia Standard Hotel adopted a share option scheme on 8th September 2016 and its scheme limit was refreshed on 30 August 2017 (“2016 Asia Standard Hotel Share Option Scheme”). No share option has been granted under 2016 Asia Standard Hotel Share Option Scheme since its adoption.

## INTERIM DIVIDEND

The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30th September 2018 (2017: Nil).

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, the Company had not redeemed any of its shares. Neither the company nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the period.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code and has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2018.

## CHANGE IN DIRECTORS’ INFORMATION

Change in the information of the Directors of the Company, since the disclosure made in 2018 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Mr. Leung Wai Keung, an independent non-executive director of the Company, was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region, with effect from 1st July 2018.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



## Other Information

### CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except the following deviations:

1. Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company;
2. Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for assessing the independence of Independent Non-executive Directors, reviewing the structure, diversity, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may at any time, and from time to time, to appoint any person as a Director, either to fill a casual vacancy, or as an addition to the Board. Any Director so appointed shall retire at the next annual general meeting but shall then be eligible for re-election at the meeting; and
3. Code Provision C.2.5 of the CG Code provides that issuers should have an internal audit function. The Company’s internal audit function was carried out by the internal auditor who has resigned and left the Company in August 2018. The Company is in the process of identifying suitable candidate to fill in the vacancy of internal auditor of the Company.

### AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2018.

On behalf of the Board

**Asia Standard International Group Limited**

**Fung Siu To, Clement**

*Chairman*

Hong Kong, 28th November 2018

